

***BLOOMFIELD TOWNSHIP
JACKSON COUNTY, OHIO***

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



Dave Yost • Auditor of State

Board of Trustees
Bloomfield Township
3235 State Route 327
Jackson, Ohio 45640

We have reviewed the *Report of Independent Accountants* of Bloomfield Township, Jackson County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2009 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Accountants* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Report of Independent Accountants* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Bloomfield Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 15, 2011

This Page is Intentionally Left Blank.

**BLOOMFIELD TOWNSHIP
JACKSON COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2010 and 2009**

TABLE OF CONTENTS

<u>Title</u>	<u>Page</u>
Report of Independent Accountants	1-2
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2010	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2009	4
Notes to the Financial Statements	5-12
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13-14
Schedule of Findings	15-18
Schedule of Prior Audit Findings	19

Rockefeller Building
614 West Superior Avenue #1242
Cleveland, OH 44113-1306
Office Phone - (216) 575-1630
Fax - (216) 436-2411

Charles E. Harris & Associates, Inc.
Certified Public Accountants

REPORT OF INDEPENDENT ACCOUNTANTS

Bloomfield Township
Jackson County
3235 State Route 327
Jackson, Ohio 45640

To the Board of Trustees:

We have audited the accompanying financial statements of Bloomfield Township, Jackson County (the Township), as of and for the years ended December 31, 2010 and 2009. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

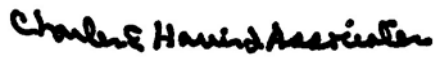
Instead of the combined funds the accompanying financial statements present, GAAP requires presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2010 and 2009, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2010 and 2009, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Bloomfield Township, Jackson County, as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2011, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal controls over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Charles E. Harris & Associates, Inc.

June 27, 2011

BLOOMFIELD TOWNSHIP
 JACKSON COUNTY
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
 AND CHANGES IN FUND CASH BALANCES -
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 2010

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Receipts:				
Property and Other Local Taxes	\$ 31,814	\$ 57,055	-	\$ 88,869
Intergovernmental	104,844	114,043	\$ 80,205	299,092
Interest	123	247	-	370
Miscellaneous	1,388	600	-	1,988
Total Receipts	138,169	171,945	80,205	390,319
Disbursements:				
Current:				
General Government	93,997	-	-	93,997
Public Safety	-	40,542	-	40,542
Public Works	-	112,412	-	112,412
Public Health	7,328	-	-	7,328
Capital Outlay	-	-	62,857	62,857
Debt Service:				
Redemption of Principal	-	-	24,706	24,706
Interest and Fiscal Charges	-	-	3,499	3,499
Total Disbursements	101,325	152,954	91,062	345,341
Total Receipts Over(Under) Disbursements	36,844	18,991	(10,857)	44,978
Fund Balance 1/1/2010	4,679	26,600	84,208	115,487
Fund Balance 12/31/2010	\$ 41,523	\$ 45,591	\$ 73,351	\$ 160,465

See accompanying Notes to the Financial Statements.

BLOOMFIELD TOWNSHIP
 JACKSON COUNTY
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
 AND CHANGES IN FUND CASH BALANCES -
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 2009

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Receipts:				
Property and Other Local Taxes	\$ 20,122	\$ 35,409	-	\$ 55,531
Intergovernmental	26,010	106,588	\$ 73,039	205,637
Interest	161	322	-	483
Miscellaneous	10,032	18,781	-	28,813
Total Receipts	<u>56,325</u>	<u>161,100</u>	<u>73,039</u>	<u>290,464</u>
Disbursements:				
Current:				
General Government	50,497	-	-	50,497
Public Safety	-	40,274	-	40,274
Public Works	-	156,334	-	156,334
Public Health Services	12,948	-	-	12,948
Capital Outlay	-	-	87,308	87,308
Debt Service:				
Redemption of Principal	-	-	23,475	23,475
Interest and Fiscal Charges	-	-	4,730	4,730
Total Disbursements	<u>63,445</u>	<u>196,608</u>	<u>115,513</u>	<u>375,566</u>
Total Receipts Over(Under) Disbursements	(7,120)	(35,508)	(42,474)	(85,102)
Fund Balance 1/1/2009	<u>11,799</u>	<u>62,108</u>	<u>126,682</u>	<u>200,589</u>
Fund Balance 12/31/2009	<u>\$ 4,679</u>	<u>\$ 26,600</u>	<u>\$ 84,208</u>	<u>\$ 115,487</u>

See accompanying Notes to the Financial Statements.

BLOOMFIELD TOWNSHIP
JACKSON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

Bloomfield Township, Jackson County (the Township) is a body corporate and politic established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three member Board of Trustees. The Township provides road and bridge maintenance, cemetery maintenance, and fire protection. The Township contracts with the Bloomfield Township Volunteer Fire Department to provide fire services.

The Township's management believes these financial statements included in this report represent all of the funds of the Township over which the Township has the ability to exercise direct operating control.

B. BASIS OF ACCOUNTING

The Township prepares its financial statements following the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved.)

The statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. CASH

Investments are included in the fund cash balances. Accordingly, purchases of investments are not recorded as disbursements and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. FUND ACCOUNTING

The Township maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity, which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

BLOOMFIELD TOWNSHIP
JACKSON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. FUND ACCOUNTING - (Continued)

Governmental Fund Types:

General Fund: The general operating fund of the Township. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

Special Revenue Funds: These funds are used to account for proceeds from special sources (other than from trusts or for capital projects) that are restricted to expenditures for specific purposes. The Township has the following significant Special Revenue funds:

- *Gasoline Tax Fund* – This fund receives gasoline tax money for constructing, maintaining and repairing Township roads.
- *Fire Fund* – This fund receives property tax proceeds to pay for the fire protection for the Township.

Capital Projects Funds: These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Projects Fund:

- *Sales Tax Permanent Fund* – This fund receives a portion of the monies collected for sales tax from the County Auditor for permanent improvement and repayment of debt relating to capital expenditures.

E. BUDGETARY PROCESS

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**BLOOMFIELD TOWNSHIP
JACKSON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

E. BUDGETARY PROCESS – (Continued)

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2010 and 2009 budgetary activity appears in Note 4.

F. PROPERTY, PLANT AND EQUIPMENT

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. ACCUMULATED LEAVE

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

The Township maintains a cash and investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 was as follows:

	2010	2009
Demand Deposits	\$ 160,465	\$ 115,487

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Township, or (3) collateralized by the financial institution's public entity deposit pool.

**BLOOMFIELD TOWNSHIP
JACKSON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009**

3. PROPERTY TAXES

Property taxes are levied, assessed and collected on a calendar year basis. They include amounts levied against all real, public utility, and tangible personal property located in the Township. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the Jackson County Auditor at 35% of appraised market value. All property is required to be revalued every six years. The last revaluation for the Township was completed in 2010. The next revaluation is scheduled for 2013.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31. If paid semi-annually, the first payment is usually due December 31, with the remainder payable June 20.

Taxes collected from tangible personal property (other than public utility) received during calendar year 2010 represent the collection of 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes on business inventory, manufacturing and equipment, and furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied April 1, 2009 on the values listed as of December 31, 2009. Public utility real and public utility personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The Jackson County Treasurer collects property taxes on behalf of the Township. The Jackson County Auditor remits the collected taxes to the Township. Tax settlements are made each March and August for real property taxes and each June and October for personal property.

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2010 and 2009 follows:

2010 Budgeted vs Actual Receipts

<u>Funds</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 49,125	\$138,169	\$ 89,044
Special Revenue	155,212	171,945	16,733
Capital Projects	73,038	80,205	7,167

**BLOOMFIELD TOWNSHIP
JACKSON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009**

4. BUDGETARY ACTIVITY – (Continued)

2010 Budgeted vs Actual Budgetary Basis Expenditures

<u>Funds</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 53,759	\$ 101,325	\$ (47,566)
Special Revenue	181,805	152,954	28,851
Capital Projects	157,245	91,062	66,183

2009 Budgeted vs Actual Receipts

<u>Funds</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 59,985	\$ 56,325	\$ 3,660
Special Revenue	151,264	161,100	9,836
Capital Projects	78,482	73,039	(5,443)

2009 Budgeted vs Actual Budgetary Basis Expenditures

<u>Funds</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 71,749	\$ 63,445	\$ 8,304
Special Revenue	213,359	196,608	16,751
Capital Projects	205,163	115,513	89,650

5. RETIREMENT SYSTEM

Employees of the Township belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a state operated, cost sharing, multiple employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2010 and 2009, members of OPERS contributed 10 percent of their wages. The Township contributes an amount equal to 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2010.

6. RISK MANAGEMENT

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

**BLOOMFIELD TOWNSHIP
JACKSON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009**

6. RISK MANAGEMENT – (Continued)

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio Townships. OTARMA provides property and casualty coverage for its members. American Risk Pool Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO.

Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement OTARMA retains insured risks up to the amount specified in the contracts. At December 31, 2009 OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Assets	\$ 32,982,088	\$ 40,737,740
Liabilities	<u>(12,880,766)</u>	<u>(12,981,818)</u>
Net Assets	<u>\$ 26,101,322</u>	<u>\$ 27,755,922</u>

**BLOOMFIELD TOWNSHIP
JACKSON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009**

6. RISK MANAGEMENT – (Continued)

At December 31, 2009 and 2008, respectively, liabilities above include approximately \$12.0 million and \$12.1 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.5 million and \$10.9 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$3,500. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

7. DEBT

Debt outstanding at December 31, 2010 was as follows.

<u>General Obligation Notes</u>	<u>Principal</u>	<u>Interest Rate</u>
Tractor	\$ 14,006	5.25%
Building Improvements	37,550	4.19%
Total	<u>\$ 51,556</u>	

The Township issued general obligation notes to finance the purchase of a tractor and building improvements to the Township Hall/Garage. The Township's full faith and credit is pledged for repayment.

Amortization of the above debt, including interest, is scheduled as follows:

<u>Year End December 31</u>	<u>Tractor</u>	<u>Building Improvement</u>
2011	\$ 14,639	\$ 13,566
2012	-0-	13,566
2013	-0-	13,566
Total	<u>\$ 14,639</u>	<u>\$ 40,698</u>

8. CONTINGENT LIABILITES/SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

**BLOOMFIELD TOWNSHIP
JACKSON COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2010 and 2009**

9. BUDGETARY NONCOMPLIANCE

The Township had the following citations for budgetary noncompliance:

- Contrary to **Ohio Rev. Code Section 5705.41(D)**, the Township did not obtain prior certification for expenditures.
- Contrary to **Ohio Rev. Code Section 5705.41(B)**, the Township had expenditures plus encumbrances that exceeded appropriations.

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY
GOVERNMENT AUDITING STANDARDS

Bloomfield Township
Jackson County
3235 State Route 327
Jackson, Ohio 45640

To the Board of Trustees:

We have audited the financial statements of Bloomfield Township, Jackson County (the Township), as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated June 27, 2011, wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-001 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed several instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2010-001 through 2010-003.

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated June 27, 2011.

We intend this report solely for the information and use of management, audit committee, members of the Board and others within the Township. We intend it for no one other than these specified parties.



Charles E. Harris & Associates, Inc.
June 27, 2011

**BLOOMFIELD TOWNSHIP
JACKSON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
--

**FINDING NUMBER 2010-001
Noncompliance Citation and Material Weakness**

Ohio Admin. Code Section 117-2-02 states that all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code. All local public offices may maintain accounting records in a manual or computerized format. The records used should be based on the nature of operations and services the public office provides, and should consider the degree of automation and other factors. Such records should include the following:

- (1) Cash journal, which typically contains the following information: The amount, date, receipt number, check number, account code, purchase order number, and any other information necessary to properly classify the transaction.
- (2) Receipts ledger, which typically assembles and classifies receipts into separate accounts for each type of receipt of each fund the public office uses. The amount, date, name of the payor, purpose, receipt number, and other information required for the transactions can be recorded on this ledger.
- (3) Appropriation ledger, which may assemble and classify disbursements or expenditure/expenses into separate accounts for, at a minimum, each account listed in the appropriation resolution. The amount, fund, date, check number, purchase order number, encumbrance amount, unencumbered balance, amount of disbursement, and any other information required may be entered in the appropriate columns.

The Fiscal Officer did not maintain an appropriation ledger or a receipts ledger during the audit period. These two records aid in monitoring financial information including budget versus actual receipts and expenditures. Since instances of estimated receipts exceeding actual receipts and expenditures exceeding appropriations were noted in the current audit period, these ledgers could be used as a tool to ensure budgetary compliance.

We recommend the Fiscal Officer maintain an appropriation ledger and a receipts ledger to help ensure budgetary compliance.

Official's Response: The Fiscal Officer stated that a cash journal and a receipts ledger has since been set up.

**BLOOMFIELD TOWNSHIP
JACKSON COUNTY**

**SCHEDULE OF FINDINGS – (Continued)
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)
--

**FINDING NUMBER 2010-002
Noncompliance Citation**

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the Fiscal Officer is attached thereto. The Fiscal Officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a Fiscal Officer’s certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: “then and now” certificates, blanket certificates, and super blanket certificates, which are provided for in Sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

“Then and Now” certificate – If the Fiscal Officer can certify that both at the time that the contract or order was made (“then”), and at the time that the Fiscal Officer is completing the certification (“now”), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from the receipt of the “then and now” certificate to approve payment by resolution.

Amounts of less than \$3,000 may be paid by the Fiscal Officer without a resolution upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

Blanket Certificate – Fiscal Officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

Super Blanket Certificate – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the Fiscal Officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

**BLOOMFIELD TOWNSHIP
JACKSON COUNTY**

**SCHEDULE OF FINDINGS – (Continued)
DECEMBER 31, 2010 AND 2009**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)**

FINDING NUMBER 2010-002 – (Continued)

The Township did not properly certify the availability of funds prior to purchase commitment for 100 percent of the expenditures tested in 2009 and 2010, and there was no evidence that the Township followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township’s funds exceeding budgetary spending limitations, we recommend that the Township Fiscal Officer certify that the funds are or will be available prior to obligation by the Township. When prior certification is not possible, “then and now” certification should be used.

Official’s Response: The officials chose not to respond to this finding.

**FINDING NUMBER 2010-003
Noncompliance Citation**

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing authority from expending money unless it has been appropriated.

We noted the following funds had expenditures plus encumbrances that exceeded appropriations at the fund level at December 31, 2010:

Fund	Approved Appropriations	Budgetary Expenditures	Variance
General Fund	\$ 53,759	\$ 101,325	\$ (47,566)
Special Revenue Fund:			
Fire District	34,993	40,542	(5,549)

We noted the following fund had expenditures plus encumbrances that exceeded appropriations at the fund level at December 31, 2009:

Fund	Approved Appropriations	Budgetary Expenditures	Variance
Special Revenue Fund:			
Fire District	\$ 35,027	\$ 40,274	\$ (5,247)
Gasoline Tax	98,252	101,659	(3,407)

**BLOOMFIELD TOWNSHIP
JACKSON COUNTY**

**SCHEDULE OF FINDINGS – (Continued)
DECEMBER 31, 2010 AND 2009**

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)</p>

FINDING NUMBER 2010-003 – (Continued)

Expenditures for each fund should not exceed appropriations. Failure to follow approved budgets could lead to overspending and the possibility of negative fund balances. To ensure expenditures do not exceed appropriations, the Township should monitor its financial activity periodically and amend its approved budgets accordingly.

Official's Response: The Fiscal Officer will closely monitor expenditures and take appropriate action as needed.

**BLOOMFIELD TOWNSHIP
JACKSON COUNTY
DECEMBER 31, 2010 AND 2009**

SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING NUMBER	FUNDING SUMMARY	FULLY CORRECTED?	Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2008-001	Ohio Admin. Code Section 117-2-02 - not maintaining sufficient accounting records during 2008 and 2007.	No	Not Corrected: Reissued in current Schedule of Findings as 2010-001.
2008-002	Ohio Rev. Code Section 5705.41(D)(1) - funds not being encumbered prior to purchase commitment during 2008 and 2007.	No	Not Corrected: Reissued in current Schedule of Findings as 2010-002.
2008-003	Ohio Rev. Code Section 5705.41(B) – Township had expenditures that exceeded appropriations during 2008 and 2007.	No	Not Corrected: Reissued in current Schedule of Findings as 2010-003.
2008-004	Ohio Rev. Code Section 5705.36 – A subdivision must request an amended certificate of estimated resources upon determination that revenue to be collected will be less than the amount in the official certificate of estimated resources thus reducing available resources below appropriations.	Yes	No longer valid.



Dave Yost • Auditor of State

BLOOMFIELD TOWNSHIP

JACKSON COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 25, 2011**